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International Court of Justice

H3425 - 0002

OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

EVIDENCE DIVISION

Date : 23 July 1948

I certify that Document Number _____ was introduced into evidence as Exhibit Number USA-838 in the Trial by the International Military Tribunal of Hermann GOERING, et al, which commenced on 20 November 1945, and that the attached photostat is a true and correct copy of the original.

Fred Niebergall

Fred NIEBERGALL
Chief, Document
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H3425 - 0003

# C E R T I F I C A T E

I hereby certify that the annexed document No. USA - 838 is a photostat of an original document submitted in evidence by the United States Prosecution under this number. The original document has been withdrawn in accordance with Rule 10 of the International Military Tribunal, and to the best of my knowledge and belief is to be held at the National Archives, Washington D.C. .

Nuremberg, 1 July 1948

Paul Joosten

PAUL A. JOOSTEN

General Secretary
International Military
Tribunal

H3425 – 0004

USA 838

Completed 17/IV/45 Helm

Testimony of General von Blomberg, former Minister of War, taken at Nurnberg, Germany, 12 October 1945, 1500-1730, by Lt. Col. M.I. Gurfein, AUS, OUSCC.
Also present: T/5 Gunter Kosse, Interpreter and Miss Evelyn Low, ~~xxxx~~ Reporter.

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Q. You understand that you are still under oath?

A. Yes.

Lt. Col. Gurfein to interpreter:

Do you solemnly swear that you will truthfully, completely and accurately translate from German to English the responses of the witness to be given here to-day to the best of your ability, so help you God.

A. I do.

---

Q. Will you please state the years when you were Minister of War in Germany?

A. From 30 January 1933 to 27 or 28 January 1938.

Q. Did Field Marshal Keitel succeed you?

A. Field Marshal Keitel was the Chief of my office from the time I was Minister of War. When I was sent away I saw Hitler once more on the same day. At this opportunity he asked me if I could suggest anybody as my successor. I answered him that the senior officer would be Goering, whereupon Hitler answered me that Goering would be completely unsuited for this office. Whereupon I said that Hitler in his position as head of the State could be Supreme Commander of the Armed Forces. If he would not put somebody else into my position he would then have a direct contact with the Armed Forces. He answered "I will think that over." Hitler said that he also needed a chief of the office. I answered that Keitel fulfilled this position and if he would have a bureaucratic worker without primary responsibility he was quite competent to do the job. Hitler said again that he would think it over. At that time I was not of the opinion that Hitler would give Keitel a position of great importance and as I look at these things I must say that Keitel never played an important part in advising Hitler.

A097235

H3425 – 0005



Q. That doesn't interest me at the moment about Keitel. The fact is that Keitel took over the position which you held without being named Minister of War?

A. Actually he had this job but I think General Jodl, for instance, was more pertinent. I must state specially that as an outsider I can say only all this from hearsay.

Q. We will go back now to the time when you first became Minister of War. When were the first discussions about the financing of rearmaments?

A. Since all this happened ten years ago I cannot tell you everything in detail but I believe that in the year 1933 not many things happened. Since no additional troops were being built up during 1933 but it was merely a matter of replacements the money that was at hand was sufficient for the purpose. I don't know exactly the time when Schacht became President of the Reichsbank but I believe it must have been in the year 1933.

Q. I can refresh your recollection by telling you that it was in March 1933?

A. During the year 1933 certainly discussions were started with Schacht about the financing of rearmaments, that these conversations took place between Schacht and Hitler so that I only personally got into connection with the results of the discussions, not with the actual discussions. From the first discussions between Schacht and myself he told me that he would find the way to finance the rearmament program within certain limits. This way he called the New Plan, and without giving me any details he told me that he will be able to get the means for that by exchanging of products with foreign countries. He did not inform me about details and I was not curious about these details. I only had to do with the results. The course of the negotiations between Schacht and me went in the following way. The three parts of the Army, Navy and Air Corps were informed about the amounts for the next year. The parts of the Armed Forces thereupon gave me the amount asked. Then my officers made cuts because naturally every part asked for too much. The results of these computations were sent to Schacht. Then Schacht called me to a meeting and made some cuts on his side and told me what sum he would be able to furnish.

INTERNATIONAL MILITARY TRIBUNAL
NURNBERG, GERMANY
USA Exhibit 838
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Q. Was von Krosigk in these discussions?

A. I suppose that Schacht discussed with von Krosigk about that before he would talk to me.

Q. But later von Krosigk and Schacht met together with you?

A. In some cases I would talk to Schacht about it but sometimes it also happened that von Krosigk was present. In some cases von Krosigk would ask me to come over and discuss financing. I want to express myself in such a way: for practical handling of this the man for us was Schacht but I didn't believe that Schacht did anything without telling von Krosigk.

Q. But you had a problem of financing armaments partly from the budget and partly from outside sources did you not?

A. At this time the Reich budget did not contain the items for rearmament as part of the budget, not entirely. In practice the additional expenses for armament were always outside the budget. In the Reich Cabinet during all the years when I was Minister the budget was never discussed.

Q. Now, in 1933, you say you had a discussion with Schacht in which he agreed to finance rearmaments and you say that the method that he was to use was the method of the new plan?

A. That is the only way I knew.

Q. In other words, in the early days of 1933 the problem was to obtain raw materials from abroad and Schacht undertook to procure the devisen that you needed for the raw materials for the armament industry?

A. On one side devisen and on the other side raw materials.

Q. But then there came a time later when it was necessary actually to pay the firms that were making munitions, that is correct?

A. As far as I know that was done on a credit basis.

Q. How was this credit supplied?

A. By mefo bills. I believe the proposal first came from Schacht. What the expression "mefo bills" means I don't know. The purpose was to prevent too great a rise in the bank note circulation. I remember that Hitler or Schacht said, through the coming out of mefo bills a payment would be postponed for some years in the future. So that in practice the war industry plants were forced to accept these mefo bills.

A 097237

H3425 - 0007



Q. But these mefo bills could be discounted at the Reichsbank?

A. That is right, I remember that exactly, so the industry could get the cash if they discounted the mefo bills at the Reichsbank.

Q. Will you try to remember when Dr. Schacht first proposed the system of mefo bills. Did he set a limit on how much the Reichsbank could finance armaments - up to what amount?

A. I am sure that he put a limit on the distribution of mefo bills for every year. I don't remember if he put a final limit to the number of mefo bills in the first year.

Q. Graf von Krosigk remembers that at some early date Schacht gave the figure of 12 billion as the top limit that the Reichsbank would give through mefo bills?

A. I remember that, I heard the sum of 12 billion but I don't know exactly if I heard it from Hitler, Schacht or von Krosigk.

Q. But that sum that you heard, was that pretty early, the recollection of Count von Krosigk was that it was in 1936 that Schacht stated the sum of 12 milliard as the sum.

A. That would be the time when this amount was named. Only in the year 1935 after the start of the German conscription the frame for the founding of the Wehrmacht could first be fixed. What happened before was more an improvisation than a system and only from that time on Schacht was able to come to the fixing of a sum of 12 billion.

Q. Did you furnish to Schacht an estimated budget over a period of years as to what the requirements of the Wehrmacht would be?

A. No. From what I remember we only asked for the amount of money we needed annually.

Q. So that the sum of 12 milliard that was fixed by Schacht was not based on the needs of the Wehrmacht but on how much the Reichsbank could safely advance in this method?

A. That is a fact. That was the sum he believed he could furnish.

Q. Without the risk of inflation?

A. Without the risk of inflation.

A097238

H3425 - 0008



Q. During the time of this rearmament financing did there come a point when the method of financing was changed - that is from mefo bills to something else?

A. As long as I was at the head this system was kept equally. But I remember that Schacht brought up many times that the extent of the rearmament program depends on the money that could be raised and we adapted ourselves accordingly.

Q. You remained in office as Minister of War until the beginning of 1938? Now in 1937 you knew that the end of the mefo financing was approaching.

A. At that time the frame of the planned Wehrmacht was about fulfilled.

Q. When, 1937?

A. I believe it was 1937.

Q. Was that a plan that had been discussed with Dr. Schacht in connection with the financing as to how big the Wehrmacht would be?

A. Yes. The plan for the formation of the Wehrmacht Schacht knew very well since we gave him every year the setting up of new formations for which we had been expending money. I remember that in the year 1937 it was discussed what the Wehrmacht would need for current expenses. After the great amount was spent for the up-building itself.

Q. That means that you gave Schacht a clear statement of how much money each year went into the creation of new units, new installations and so forth and how much you were using for the operating expenses of the Wehrmacht?

A. Exactly right.

Q. When you say that by 1937 the plan had been fulfilled -

A. In the main.

Q. - do you mean by that that a certain number of divisions had been proposed and that a certain number of divisions had been reached?

A097233

H3425 – 0009



A. It must have been the year 1937 that Hitler changed the plan of 1936 and added some more divisions. In my position as Minister I was not there at the conclusion of this plan, but the plans for the increase of operating expenses were already included.

Q. When you say that Schacht was familiar with these figures, how were they brought to his attention?

A. The demands for the needed money were handed to Schacht in writing.

Q. That means that in connection with the moneys which Schacht was raising for the rearmament program, he was informed of how many divisions and how many tanks and so forth, would be procurable through these means?

A. I don't think we put down the amount of money we would need individually for tanks etc. but we only would put down how much every part of the Wehrmacht, like the Navy or Air Force, needed, and then we would put down how much this required for activating and how much for operating.

Q. That is, Dr. Schacht could see each year how much of an increase there would be in the size of the Armed Forces as a result of the moneys that he was procuring?

A. That is certain.

Q. I want to show you a copy of an instruction dated 24 June 1935, Berlin, signed by you and addressed to the Commander-in-Chief of the Army, the Navy and the Air Force. Read that through and see if you remember signing that please?

A. I remember that.

(Witness identifies this letter - which is marked "Exhibit A, October 12, 1945 E.D. Low)

Q. Do you remember the circumstances under which you signed this letter, was there any discussion before the appointment of Schacht by Hitler to this position?

A. I don't remember it exactly in detail but it is probable that Hitler in the planning of the law mentioned to me Schacht in connection with this position as Generalbevolmaechtigten fur die Kriegswirtschaft.

A097240

H3425 - 0010



Q. But it is clear that you did not appoint Schacht but that Hitler did?

A. Yes.

Q. Then I take it that thereafter you dealt with Schacht - you as Minister and he as the Plenipotentiary General for the War Economy?

A. Yes. If I may say that actually his work was only given a name because before 1935 discussion about the financing took place.

Q. But this new title of Schacht was more than merely to finance the Wehrmacht, it was to take charge of the whole economy of the Reich?

A. Yes.

Q. So that when you dealt with Schacht in his capacity as Plenipotentiary for the War Economy you were dealing with him as if he were a member of the General Staff preparing for war?

A. Yes but Schacht was in no way subject to my orders. He was immediately subordinate to Hitler. That also is in the first part of the Defence of the Reich Law which names Hitler as the Supreme Commander in case of war

Q. And Hitler names Schacht in case of war as the Supreme Economic Dictator?

A. Yes, quite true.

Q. You stated that Schacht was not under you and I asked you whether your relationship to him was not the same as that of the Supreme Commander of the Army was to the Supreme Commander of the Navy?

A. Yes. We were of similar rank.

Q. So that under this decree that you have just identified, in the case of war Schacht would immediately take charge of the whole economy of the Reich?

A. So it was planned.

Q. In the execution of that plan after Schacht was named the Plenipotentiary for the War Economy, you then dealtwith him in that capacity?

A. Yes.

A097241

Q. And did he or did you appoint liaison officers between the War Ministry and the Office of the General Plenipotentiary for the War Economy?

A. Concerning the rearmament, I had a department under me which was called the Department for Munitions. At the head of this department for munitions was General Thomas. He was the liaison man between me and Schacht in the rearmament question as far as the industrial rearmament was concerned.

Q. In connection with your General Staff plans, you were making plans in preparation for war and therefore you had to make similar plans for the control of the economy when war came?

A. Yes. In the preparation in case of war I also had to get an overall picture about the industrial developments. The administrative office for this was the Department for Munitions.

Q. Did you deal with Mr. Wohltat in connection with Schacht's duties as Plenipotentiary for the War Economy?

A. I knew Mr. Wohltat and I knew that he was in connection with the new plan of Schacht active in the Balkans.

Q. Were you familiar with the economic war games that General Thomas was working out during the time that you were Minister of War?

A. No. That was the individual work of General Thomas and the leadership was not connected with it but it is possible that General Keitel as the Chief of the Wehrmacht office was connected with that war play.

Q. In connection with what I asked you before about liaison officers, I want to show you a copy of a letter dated 24 August 1934, addressed to Schacht as Minister of Economics and signed by you and ask if you remember this letter.

A. I just want to correct what I said about General Thomas before. There was my munitions chief but each of the Armed Forces had its own as well and the chief for munitions of the Army was General Liese.
Yes, I identify this letter.
(Witness identifies this letter - which is marked "Exhibit B, October 12 1945, A.B.Low).

Q. These liaison officers were from the Wehrmacht Munitions Office rather than from the Army?

A097242

H3425 - 0011

H3425 – 0012



Q. I show you this letter of 28 August 1934 from Schacht to the War Minister and ask you if you remember this?

A. I don't remember in detail but it undoubtedly was so.

(Witness identifies this letter - which is marked "Exhibit C, 12 October 1945, N.D. Low).

Q. You dealt with Dr. Schacht right up to the time when you stopped being Minister of War. Do you recall when your last conversations were as Minister of War with Dr. Schacht concerning rearmament - approximately?

A. I don't remember that any more but I believe that in the year 1937 our discussions with Schacht were much easier but I don't remember exactly the date of the last conversation with Dr. Schacht since the frame for the Armed Forces was set already and our demands were fixed.

Q. You discussed the financing certainly for the year 1938 with Schacht in 1937?

A. I don't remember that exactly but it is very likely but I remember that the demands for the year always were given in the beginning of that year. That would mean that it was in the year 1938 but the preparation naturally was done before then.

Q. Do you recall a discussion at which Count von Krosigk was present concerning the raising of taxes in order to meet the needs of 1938.

A. I don't remember that exactly any more but that doesn't exclude that I didn't hear but I remember that taxes in general were to be raised according to a conversation between Schacht and von Krosigk. If Schacht told me that himself or Krosigk told me that himself or if I was present at that conversation I don't remember exactly any more. I only remember that Hitler himself at that time was an outspoken opponent of the raising of taxes, whereas the Reich Minister for Finance favoured this.

Q. Did Schacht at any time ever tell you that he was opposed to the rearmament program?

A. No. He was never an opponent of rearmament but he was opposed to the exaggeration of rearmament.

H3425 – 0013



Q. And that was based on the technical problem of how much money could be available without inflation?

A. I don't believe that was the reason alone but I believe that Schacht thought that out of exaggerated rearmament a war would develop sooner than if we only had a limited rearmament and I may add that this was also my opinion, and that finally my dismissal went back to such discussions with Hitler.

Q. But during your entire term as Minister of War did Schacht ever refuse to support the budget as requested by the Armed Forces or by yourself?

A. No.

Q. So that any expressions of his to the effect that too much rearmament might be dangerous was a theoretical worry.

A. It was a worry for the future.

Q. But so far as the amounts made available by Schacht were concerned these, as you have already said, were fixed before?

A. Yes.

Q. When, as you recall it, was the first time that Schacht expressed himself to the point that excessive rearmament would not be good?

A. I cannot say the exact year but I want to say that it was not before 1936 but it was 1936 or 1937. From what I remember it is absolutely right.

Q. I would like to show you a copy of an article which appeared in the Militaer Wochenblatt in January 1937 and tell me whether the description of the activities of Dr. Schacht also is your own opinion?

A. In general it was true.

(Witness identifies this document - which is marked "Exhibit D, 12 October 1945, M.D.Low).

Q. I would like to show you a copy of a letter dated Berlin, 24 December 1935, addressed to the Minister of War by Dr. Schacht and ask you to look through it and see if you remember receiving this document?

H3425 - 0014



A. I remember this document.

(Witness identifies this document - which is marked "Exhibit E, 12 October 1945, M.D.Low).

A. This document states clearly the difficulties in which Schacht was. On one side the demands of Hitler and on the other side the demands of Darre. I remember my being present at two meetings of the Four Year Plan in which Minister Darre asked for devisen for the obtaining of foreign foodstuffs and Schacht despite his earlier opposition finally had to accede to the demand of Darre.

Q. Speaking of this contraversy between Schacht and Darre, is it correct that Darre wanted devisen to obtain foreign foodstuffs and Schacht wanted to use the devisen to obtain raw materials for industry?

A. Schacht was responsible for the providing of devisen in general and regardless of what purpose these devisen were needed for and so he only stated that he could fulfil the demands for the industrial as well as the food supply.

Q. I want to show you a part of this letter and ask you whether that was the opinion of Schacht as he expressed it to you. I will read it in English - "If now increased armament is demanded so it is obvious that I do not change or deny my affirmation of long standing for the strongest possible armaments"?

A. That was his opinion as far as I knew it.

Q. So that the restrictions that Schacht was putting on armaments were on the basis of the economic capacity of the country to absorb those armaments.

A. That was certainly the main reason.

Q. I have a note somewhere which I have not got with me, I have been looking for it, in which you stated in January 1937 to Dr. Schacht as follows "Without your help, my dear Dr. Schacht, none of this rearmement could have taken place"?

A. That is certainly right.

Q. Do you remember the occasion on which you said that?

A. I believe that it was at the occasion of his 60th birthday because otherwise I would not have had the opportunity to talk of Schacht in such a formal way.

A-097245

H3425 - 0015



Q. And the statement that you then made was true?

A. Was true.

Q. Did Schacht ever speak with you towards the end of your term about the impossibility of the Reichsbank continuing to finance armaments and about other methods that would have to be used?

A. He also certainly told me in the year 1937 that for the expenses a limit is set and that we are close to that limit, also that was my personal opinion.

Q. That dealt with the question of how much the Reichsbank could finance but there was also a discussion, was there not, about alternative methods of financing as, for example, loans by the State and from the budget by taxes?

A. Yes. Certainly it was talked about but I don't remember the details about that any more. Hitler was at the time that I was in office against all raising of taxes and Schacht as well as myself were very sceptical concerning the ability to raise money by loans. The mefo bills were nothing but loans taken from the capital of Germany itself. The possibility of foreign loans had to be considered as a very small possibility.

Q. Do you remember in connection with Schacht's position as Plenipotentiary for the War Economy an argument over jurisdiction as to how much control the Minister of War could have over Schacht in the event of war?

A. In general I remember that Schacht was a man of independence and was opposed to taking orders in his financial fields from any other department, in this case the military. But I must add that about this between me and Schacht personally no differences existed because I was convinced that we soldiers understand very little about finance.

Q. But the point is that Schacht was interested at the time of this note that I showed you - December 19 1936 - in obtaining more power for himself rather than less.

A. This matter concerned the Reich Defence Law under which Hitler was the Supreme Commander and under him, of course, the Minister of War. Schacht was interested in defending himself from being given orders by anybody concerning financial and economic matters.

A097246

H3425 – 0016



Q. In other words, Schacht was prepared at this time, the end of 1936, to assume full responsibility for the economy of Germany in case of war.

A. That is certainly the fact.

Q. In connection with the preparation for war, you also had to prepare for certain financial contingencies as for example the printing of bank notes for occupation, do you remember that?

A. No. The preparations for war -- that doesn't include the rearmament at the time of my office, it did not include the printing of bank notes for occupation.

Q. I didn't frame the question correctly. When Poland was invaded the bank notes that the Wehrmacht had to pay the troops with were in boxes with the date 1936?

A. I can give you absolute assurance that I don't know anything about that. German bank notes? - I don't know about that.

Q. Was there not a discussion, however, about the creation of Reich Kreditkassen in the event of war?

A. I can only say in general that Hitler's opinion was that you could fight a war without gold and that Schacht was of the opposite opinion - that it was impossible to wage war without gold and I was present at several conversations between Hitler and Schacht on this point.

Q. When were those conversations, do you remember?

A. No. Probably in the year 1936 and 1937.

Q. I would like you to look at this memorandum here which deals with a letter from Schacht to the Directors of the Reichsbank, November 21 1935. I do not have the actual letter with me but I have the English translation.

A. Of course I never saw that letter but I remember the theme when the subject was discussed. I must say that we were in great worry during all this time of rearmament because it might have been possible that England or France would have started an armed conflagration.

Q. In other words, you felt that this rearmament, as it developed, might become the cause of a general war?

A. We had to consider this possibility.

A 097247

H3425 - 0017



Q. In other words you were taking a risk in the extent of the armament program in that it might lead to a war?

A. That was the chance we had to take.

Q. And did you discuss that risk with Dr. Schacht among others from time to time?

A. That is probable. I don't know the details but it is quite probable.

(Thereupon at 1730, 12 October 1945, the hearing was adjourned)

APPROVED:

INTERROGATOR: _____

INTERPRETER: _____

REPORTER: _____

A097243

H3425 – 0018

18 b

In einer Besprechung vom 5. November 1937 unterrichtet Hitler die Wehrmachtsoberbefehlshaber und den Aussenminister zum ersten Mal über seine kriegerischen Absichten. Er betont dabei, dass er absichtlich diese Mitteilungen nicht dem Reichskabinett machen wolle und verbietet auch den Anwesenden, irgendwelche Mitteilungen weiterzugeben. Und jeder der Anwesenden fügt sich willenlos diesem verfassungswidrigen Ansuchen.

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EXHIBIT U.S.A.

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Filed May 3, 1946

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15 Pages